The Indian Journal for Research in Law and Management

OpenAccess LawJournal–Copyright©2026

Editor-in-Chief–Dr.Muktai Deb Chavan;Publisher– Alden Vas; ISSN: 2583-9896

CORPORATE SOCIAL RESPONSIBILITY IN INDIA: FROM COMPLIANCE, TO IMPACT

-Saksham Nath

India made a history globally in 2013 by legally mandating the Corporate Social Responsibility (CSR) under the Companies Act. Overnight, what was meant to be a doing of a social act and was voluntary became a hard legal requirement. But looking back more than a decade later, we ask ourselves the obvious question: Is this actually making a difference?

That's where the rubber meets the road. The law can enforce the companies to open their wallets and spend on social good but it's up to the management teams to decide if that money which is supposed to be donated for social welfare creates a long lasting and a meaningful change or if it's just a box to tick for the companies to avoid any regulatory headaches.

WHY COMPLIANCE ALONE IS NOT ENOUGH

Section 135 of the Companies Act, 2013 states the companies with a net worth of Rs. 500 crore, turnover of Rs.1000 crore and net profit of Rs. 5 crore during the previous three financial years must take part in the CSR activities[1], and they are required to set up a CSR committee and dedicate at least two percent of their average net profit in the last three financial years to the CSR activities under the provisions of Section 135 of the Companies Act, 2013[2].

The CSR activities which are to be done by those companies are listed in Schedule VII and are permitted, such as

[1] Companies Act, 2013, § 135, No. 18, Acts of Parliament, (India)

[2] *Id.* § 135(5).

- Education,
- Healthcare,
- Environmental sustainability,
- Rural development,
- Poverty alleviation and disaster relief.[3]

Now there were several provisions which had to be included in The Companies (Corporate Social Responsibility Policy) Amendment Rules 2021, so as to strengthen the framework of it, such as imposing stringent treatment for the use of unspent CSR funds, increasing disclosure obligations, impact assessment requirements, and penalties for non-compliance,[4] these changes were done in order to shift the focus from mere compliance to accountability.

And the results were clearly visible as the data from the Ministry of Corporate Affairs (MCA) reveals that the companies have spent more on CSR since the Section 135 came in to effect, where companies were moving significant amounts of corporate funds towards social development,[5] but this does not necessarily lead to greater impacts.

WHEN MANAGEMENT MAKES THE DIFFERENCE

The Management theories provide a clearer understanding of the restrictions of a legal approach. The CSR pyramid proposed by Archie Caroll contains four levels of corporate responsibility: economic, legal, ethical and philanthropic[6]; the legal level is effectively

---

[3] Companies Act,2013, sched.VII, No.18, Acts of Parliament(India)

[4] Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021, Gazette of India, Extraordinary, Part II, Section 3(i), G.S.R. 40(E) (Jan. 22, 2021).

[5] Ministry of Corporate Affairs, Gov't of India, National CSR Data Portal, https://csr.gov.in (7th June 2026)

[6] Archie B. Carroll, The Pyramid of Corporate Social Responsibility: Toward the Moral Management of Organizational Stakeholders, 34 BUS. HORIZONS 39, 39–48,(1991). https://shorturl.at/q4Z2P

guaranteed by Section 135 which mandates that companies have to provide financial support to social issues, however, ethical and philanthropic obligations cannot be forced by any law.

Likewise, the Stakeholder Theory of Edward Freeman suggests that a company has obligations towards its employees, communities, consumers and the environment in which it works[7]. This is especially important in a country with such a complicated social and economic environment as India.

These theories gives rise to Compliance driven CSR and Value Based CSR, while the former is a CSR that is focused on social spending as a regulatory requirement, the latter makes it a part of corporate strategy and produces sustainable social outcomes.

LESSONS FROM PRACTICE

The Tata group proves that it's possible for a company to have values that leads to impactful CSR, without there being any legal obligations as even before Section 135 existed, they were pouring huge amount of resources into social welfare like education, healthcare and philanthropy. The presence of a significant stakeholding by charitable trusts is an indication of a long association with social responsibility principles even before any legal obligation existed.[8]

Another example can be of The Infosys Foundation, they have worked to measurable results and sustainability in the fields of education, rural development and cultural preservation. The way in which they have shifted CSR spending into creating a real social impact demonstrates the power of strategic planning.[9]

In parallel, the recent MCA enforcements like the amendments in 2021, highlights the need for accountability too as the companies that are found to not comply with the CSR

---

[7] R. edward freeman, strategic management: a stakeholder approach (1984).

[8] Tata Trusts, https://www.tatatrusts.org (6th June 2026).

[9] Infosys Found., Annual Reports, https://www.infosys.com/infosys-foundation (6th June 2026)

obligations, or failing to spend the funds allocated, have been subject to heavy penalties.[10] This shows that whilst values are essential, there is still a need for regulation to ensure that companies are meeting the minimum standards.

Together all these examples identify one fundamental rule that law can compel participation in CSR activities but the Management determines effectiveness.

MEASURING IMPACT BEYOND EXPENDITURE

While the CSR model has been successful, the growing trend of the “Checkbox CSR” remains a challenge. It is common for companies to concentrate on expenditure targets since that is what the law is consequently spending can turn into an end and not a means for a significant impact.

This highlights a persistent challenge in the existing system as the law only focuses on investment of funds in CSR activities by companies but does not show a concrete result. A school building may be constructed by a company but the long term educational effect may never be calculated. Thus the success of CSR is highly reliant upon a managerial vision as legal requirements may set the minimum acceptable level of practice but management assures whether it has a long term positive effect on society. When CSR becomes strategic responsibility rather than a regulatory matter, that is when companies truly make a societal impact.

THE WAY FORWARD

The compulsory CSR framework in India remains one of the most ambitious governance experiments in the world and section 135 has proved to be effective in redirecting corporate funding towards social development and to holding corporations funding towards social development and to holding them accountable when they voluntarily fail to do so effectively.

But corporate conscience is not something that a law can create. The future of CSR in India relies as much on attaining impact compliance as spend compliance. By perceiving CSR as

---

[10] ministry of corporate affairs, **national csr portal**, gov't of india,https://csr.gov.in/content/csr/global/master/home/home.html (7th June 2026).

more than a legal duty and developing it as a business strategy, India has a bright future not only as a country leading the way in CSR legislation and guiding other nations in implementing it but also as a model of corporate citizenship.